

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:
MARK R. DUCHOW

Serial No.: 09/682,876

Filed: October 26, 2001

For: SYSTEM AND METHOD FOR
PROVIDING ELECTRONIC VOUCHERS

Group Art Unit: 3622

Examiner: James W. Myhre

Atty. Dkt. No.: 05012.0003.CNUS01

DECLARATION OF MARK R. DUCHOW UNDER 37 C.F.R. § 1.132

Assistant Commissioner for Patents
Washington, D.C. 20231

I, Mark R. Duchow, hereby declare:

1. I am over the age of eighteen years, and, except for matters identified as being based on information and belief, have personal knowledge of the matters stated herein. If called upon to do so, I would testify as a witness to these matters.

2. All statements made herein on the basis of personal knowledge are true, and all statements made herein on the basis of information and belief are believed to be true.

3. I am the sole inventor listed in U.S. Patent Application No. 09/682,876 (the "876 Application"). I have developed certain business methods, systems and computer software for distributing electronic vouchers over the Internet. These systems, methods and computer software are the subject of the '876 patent application.

4. I co-own and operate Duchow's Boat Centers, a chain of retail outlets selling recreational boat in Illinois and Wisconsin. I have been in the boating business for 19 years. Generally, the retail boating business is characterized by local retail stores or franchises that sell one or more brands of boats in a defined market territory. A problem that has been faced in this industry is that the Internet, with no boundaries on its reach, could not be readily used to offer purchasing incentives, such as cash rebates, discounts or the like, without upsetting the existing market territories of retailers. Thus, prior to my invention, retailers, as well as manufacturers, had no acceptable way to promote their boats with incentives offered over the Internet.

5. I developed the claimed invention specifically to overcome this industry problem. My invention provides a website that allows buyers to view information about the boats available for sale. It also allows buyers to receive an electronic voucher that provides a purchasing incentive, such as a cash discount. To overcome the problems inherent in having a website accessible in different market territories, my invention automatically selects the retailer at which the buyer can redeem the voucher, based on the buyer's location and product selection. The downloaded voucher includes these restrictions.

6. Six major recreational boat manufacturers have licensed or copied my invention. The manufacturers that have licensed my invention include Genmar, Glastron, and Wellcraft. The boat builders that have copied my invention include Brunswick, Stingray, and Tracker Marine. It is my understanding that when combined, these manufacturers produce approximately 40% of the recreational boats sold in the United States.

4. I am also the President and owner of MRD Holdings, LLC, the assignee of the '876 Application. I have overall profit and loss responsibility for MRD Holdings. As part of my responsibilities, I negotiate and enter into licensing agreements for the software and business methods and systems that are covered by the '876 Application.

5. In April 2001, MRD Holdings licensed Glastron, a recreational boat manufacturer, to use the electronic voucher system and methods covered by the '876 Application for a five-day Internet promotional sale of its boats within the U.S. MRD Holdings received over \$40,000 in fees under this license agreement. It is my understanding the electronic voucher system dramatically increased the sales of Glastron boats during this period.

6. In June 2001, MRD Holdings licensed Wellcraft, another recreational boat manufacturer, to use the electronic voucher system and methods covered by the '876 Application for a ten-day Internet promotional sale of its boats within the U.S. MRD Holdings received over \$40,000 in fees under this second license agreement. It is my understanding the electronic voucher system dramatically increased the sales of Wellcraft boats during this promotional period.

7. In July 2001, MRD Holdings entered into a License Agreement with Genmar Holdings, Inc. Genmar is the largest manufacturer of recreational boats in world. It markets boats under sixteen different brands. The License Agreement grants Genmar exclusive, world-wide rights to use the business methods, systems and software disclosed and claimed in the '876 Application. In consideration of these rights, Genmar agreed to pay MRD Holdings an upfront license fee and a continuing license fee that is paid on a per boat sold basis.

8. The commercial success of the '876 technology that I licensed to Genmar has been phenomenal. Genmar has employed the licensed system to provide electronic vouchers to boat buyers over the Internet on several occasions. Genmar first used the system to provide purchasing incentives to buyers during a ten-day nationwide promotion in August 2001. Genmar then used the licensed system to promote its boats, with electronic vouchers via the Internet, in various U.S. markets during the boat show season of January - March 2002. To my knowledge, Genmar has sold over 11,000 boats using the licensed electronic voucher system. Under the License Agreement, MRD Holdings has received over \$600,000 in licensing fees.

9. I am aware of others who have copied my Internet voucher system after it was used publicly by Glastron, Wellcraft and Genmar. Approximately six weeks after Genmar's August 2001 Internet promotion, Stingray Boats, Inc., a competing manufacturer of recreational boats, launched a promotional website that offered electronic vouchers for its boats. The format of the Stingray voucher was virtually identical to that used by my voucher system. It included a cash value, product identifier, and the location of the local boat dealer at which the voucher could be redeemed. In addition, like my voucher system, the Stingray website required the user to enter buyer information, such as a zip code, so as to restrict the retail locations at which the voucher could be redeemed.

10. After the Genmar's 2002 promotion began, I became aware of another website, one operated by Tracker Marine, LLC located at www.greatamerican-boatsale.com that copied my invention. Tracker Marine is a major boat manufacturer and competitor of Genmar, Wellcraft and Glastron. It is my understanding that the Tracker

Marine site used an Internet promotion scheme similar to the one that I licensed to Glastron, Wellcraft and Genmar, and that is disclosed and claimed in my patent application, to promote its boats. It is my understanding that, like my voucher system, the Tracker Marine website required the user to enter buyer information, such as a zip code, so as to restrict the retail locations at which the purchasing incentive was available. The Tracker Marine website also selected a retailer based on the buyer information and boat selection.

11. After commencement of Genmar's 2002 promotion I became aware of a third website, one operated by Brunswick Corporation located at www.goboatingusa.com that copied my invention. Brunswick is another major boat manufacturer and competitor of Genmar, Wellcraft and Glastron. The Brunswick site used the same Internet voucher scheme that I licensed to Genmar, Wellcraft and Glastron, and that is disclosed and claimed in my patent application, to promote its boats. Similar to my voucher system, the Brunswick vouchers included a cash value, product identifier, and the location of the local boat dealer at which the voucher could be redeemed. In addition, like my voucher system, the Brunswick website required the user to enter buyer information, such as a zip code, so as to restrict the retail locations at which the voucher could be redeemed. The Brunswick website also selected a retailer based on the buyer information and boat selection.

12. It is my belief that Stingray, Tracker Marine, and Brunswick became aware of the success that Genmar, Wellcraft and Glastron had enjoyed with my voucher system and then decided to copy my invention, without authorization.

13. Also, it is my belief that these companies copied my voucher system because its novel features, i.e., the ability to deliver purchasing incentives over the Internet that are redeemable at retailers selected by buyer location and product selection, overcame an industry problem. It is my understanding that Stingray, Tracker Marine and Brunswick face the same problems that Genmar, Glastron and Wellcraft faced in promoting their boats over the Internet. In particular, they operate using a distributor organization in which their brand retail outlets have defined sales territories. Offering global manufacturer rebates over the Internet typically interferes with such distribution arrangements. By restricting vouchers to local retailers, my voucher system overcame this problem and was therefore particularly attractive for copying by other boat manufacturers.

14. I am aware that willful false statements and the like are punishable by fine or imprisonment, or both (18 U.S.C. § 1001).

I declare under penalty of perjury that the foregoing is true and correct. Executed on this 17th day of DECEMBER, 2002 at OLINGMOWOC, WI.


MARK R. DUCHOW